

DID-Type Interim Number Portability

Service Provider Portability

The attached network diagram depicts how local and message toll traffic would be routed where DID-Type number portability is employed. The following examples should provide a clear understanding of this method of number portability.

ATU Originated Local Call

A call originating in ATU's local network to 276-1111 would be routed to the ATU local switch that is assigned the 907-276 NPA/NXX. Translations in that switch would specify that calls to 276-1111 be completed over Route N which places the call on the GCILOCAL trunk group. The digits sent to the GCI local switch would be 276-1111. GCI would maintain the 276 NXX in its local switch in addition to its own NXX code.

AT&T Terminating MTS Call

An MTS call routed through AT&T's network to 907-276-1111 would be routed to the ATU local switch that is assigned the 907-276 NPA/NXX for termination. Translations in that switch would specify that calls to 276-1111 be completed over Route N which places the call on the GCILOCAL trunk group. The digits sent to the GCI local switch would be 276-1111. GCI would maintain the 276 NXX in its local switch in addition to its own NXX code.

An MTS call routed through AT&T's network to 907-XXX (XXX is GCI's local code) would be routed to the GCI local switch for termination.

GCI Terminating MTS Call

An MTS call routed through GCI's network to 907-276-1111 would be routed to the ATU local switch that is assigned the 907-276 NPA/NXX for termination. Translations in that switch would specify that calls to 276-1111 be completed over Route N which places the call on the GCILOCAL trunk group. The digits sent to the GCI local switch would be 276-1111. GCI would maintain the 276 NXX in its local switch in addition to its own NXX code.

An MTS call routed through GCI's network to 907-XXX (XXX is GCI's local code) would be routed to the GCI local switch for termination.

Benefits of DID-Type Number Portability

- **Supports implementation of long-term number portability** - Performance criteria adopted by the FCC require, among other things, that any long-term number portability method:
 1. **Efficiently use numbering resources** - This method allows the customer to change service providers and does not require a second number in the GCI local switch.
 2. **Not require end users to change their telephone numbers** - This method allows the customer to change service providers and retain their telephone number.
 3. **Not result in any degradation of service quality or reliability when implemented** - The quality and reliability of service under this method will be no different than that enjoyed by customers who receive local service from ATU.

This method will also minimize the amount of work required to undo temporary, or interim, routing schemes when the long-term method of portability is implemented (assumes a database methodology to determine routing).

- **Easy to administer** - Under this method, the translations for routing and trunking are set up once. As customers choose to change service providers, the activity required to effect the change is handled through normal service order processing. A simple program change to delete the line from the ATU switch and another to invoke the routing to GCI's switch is all that is required.
- **Can be measured** - Under this method, AMA records can be generated for billing purposes.

DID-Type Number Portability

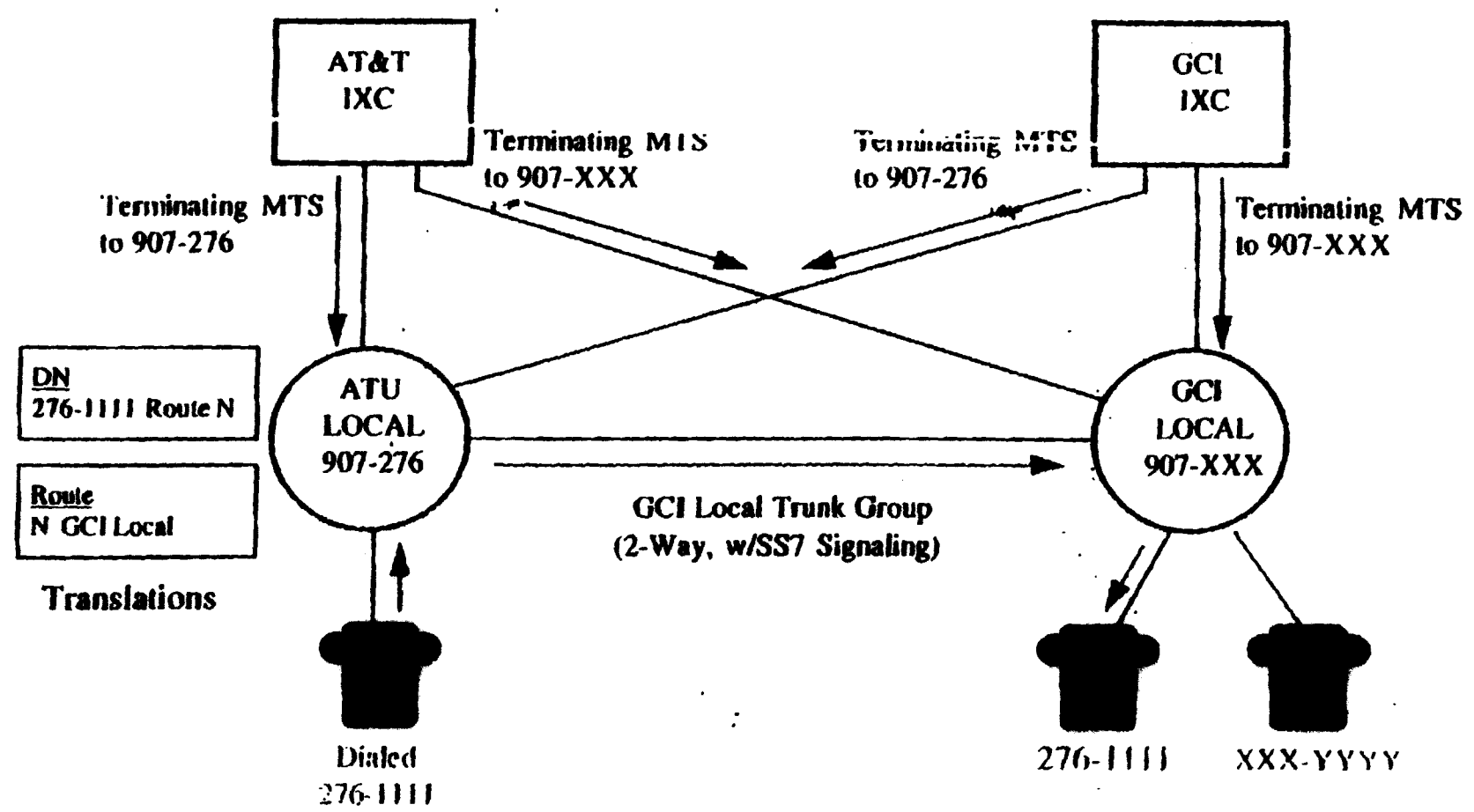


EXHIBIT A
ATU Offer on Lines 10-13
Dedicated U-96-89/November 8, 1996
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Exhibit M
Dialing Parity

Dialing parity. The term 'dialing parity' means that a person that is not an affiliate of a local exchange carrier is able to provide telecommunications services in such a manner that customers have the ability to route automatically, without the use of any access code, their telecommunications to the telecommunications services provider of the customer's designation from among two or more telecommunications services providers (including such local exchange carrier.)

Exhibit N
Unbundled Transport Rates

Prices for Transport

Entrance Facility

2-Wire Voice Grade	\$22.49 per term
4-Wire Voice Grade	\$40.41 per term
Hi Capacity DS1	\$107.80 per term
Three DS3's	\$1,030.33 per term
Channel Interface Connection	\$1,594.88 per term

Direct Trunked Transport - Facility

Voice Grade	\$1.15 per term
Hi Capacity DS1	\$23.53 per term
Hi Capacity DS3	\$225.92 per term

Direct Trunked Transport - Termination

Voice Grade	\$10.76 per mile/mo
Hi Capacity DS1	\$89.94 per mile/mo
Hi Capacity DS3	\$404.71 per mile/mo

Multiplexing

DS3 to DS1	\$377.87 per armgmt
DS1 to Voice	\$365.68 per armgmt

Tandem Switched Transport

Tandem Switched Facility	\$0.000109 per access min/mile
Tandem Switched Termination	\$0.000416 per access min/term
Tandem Switching	\$0.004712 per access min/mile

Common Channel Signaling

Signaling Mileage Facility	\$2.31 per mile
Signaling Mileage Termination	\$21.48 per term
Signaling Entrance Facility	\$50.88 per facility
STP Port	\$500.54 per port
800 Query	\$0.008485 per query

1998

**Petition to Reject or In the Alternative
To Suspend and Investigate**

General Communication, Inc. (GCI) pursuant to Section 1.7333 of the Commission's Rules hereby petitions the Commission to reject or in the alternative to suspend and investigate Anchorage Telephone Utility (ATU) Tariff FCC No. 5, Transmittal No. 97, filed on June 24, 1998. ATU's access filing is fraught with numerous problems and is disingenuous in its attempt to claim that competition is keeping rates from increasing. ATU has actually used competition as a excuse to keep rates from decreasing to the levels that a properly prepared cost study and revenue requirement would demonstrate while claiming their beneficence in maintaining rate levels. In reality, ATU rates should be decreased substantially. Competition is beginning to become a reality in Anchorage despite ATU's overt attempts to stop progress but it has little to do with ATU's actions in this proceeding except to point out the desperation of a company unwilling to face reality. The Commission should address the following issues.

Dial Equipment Minutes (DEM) Weighting

ATU's Part 36 cost study reflects a DEM factor that substantially increased in the interstate jurisdiction affecting the investment associated with the switching elements. This increase is documented by comparing ATU's cost study dated December 15, 1997 filed in FCC Docket 96-262, which shows an interstate DEM factor of .168535¹, and contrasting that with this cost study dated June 24, 1998 and an interstate traffic factor of .246081. A change of this magnitude could not occur without a change in study methodology. A number of issues made this increase possible.

ATU has mischaracterized Internet minutes. Internet service providers purchase business lines from a local tariff. Under the separations rules, the traffic, costs and revenues must follow the jurisdiction where the service is tariffed. The separations manual is very specific. Pursuant to the glossary of terms under Separations-Part 36, separations is defined as "the process by which telecommunication property costs, revenues, expenses, taxes, and reserves are apportioned among the operations" and operations is defined as "the term denoting the general classifications of services rendered to the public for which separate tariffs are filed, namely exchange, state toll and interstate toll." Therefore, the "costs, revenues, expenses, taxes and reserves" must follow the appropriate tariff. The business line is sold under the local tariff. It is not tariffed at the Commission. Under separations, the revenues, costs, minutes must fall in the same place. The

¹ This number as filed in the FCC Docket 96-262 was based on recording of intraoffice traffic as one switch minute or as commonly referred to as switched minute of use (SMOU) instead of DEM.

separations manual further states that "the fundamental basis on which separations are made is the use of telecommunications plant in each of the operations"² and that the costs, are apportioned among the operations and "amounts of revenues and expenses assigned each of the operations" (i.e., each of the tariffs) "are identified as to account classification."³

The Commission has further stated that "under our present rules, enhanced service providers are treated as end users for purposes of applying access charges. See 47 CFR section 69(m)."⁴ Further, "enhanced service providers are treated as end users and thus may use local business lines for access for which they pay local business rates and subscriber charges. To the extent they purchase special access lines, they also pay the special access surcharge under the same conditions as those applicable to end users. See supra note 8."⁵

The Commission has recently affirmed this policy in the Access Charge Reform proceeding.

Beginning with the Computer II proceeding in the 1970s, we have distinguished between enhanced and basic communications services. the category of enhanced services, which include access to the Internet . . .

As a result of these decisions, ESPs may purchase services from incumbent LECs under the same intrastate tariffs available to end users, by paying business line rates and the appropriate

²47 CFR Section 36.1(e).

³47 CFR Section 36.1(g).

⁴Amendments of Part 69 of the Commission's Rules Relating to Enhanced Service Providers (ESP Exemption Order), 3 FCC Red 2631, 2635 (footnote 8) (1988).

⁵*Id.* at 2637 (footnote 53) (1988).

subscriber line charge, rather than interstate access rates. Those business line rates are significantly lower than the equivalent interstate access charge, in part because of separations allocations and the access charge per-minute rate structure, and in part because the business lines that ESPs now purchase generally do not include usage-sensitive charge for local calls.⁶

ATU has refused to recognize that Internet traffic is local under the separations rules and has refused to pay reciprocal compensation for this traffic to GCI pursuant to the ATU-GCI interconnection agreement. In Section 4 of the Description and Justification, paragraph I, ATU explains that they have recorded all of their ISP traffic as interstate for their traffic study in direct contravention of FCC policy.

ATU also miscounts local minutes by considering a local minute as one minute instead of two as outlined in Commission rules. DEM is a switched minutes of use. ATU has outlined that policy here and also has made these arguments in other jurisdictions. Before the Alaska Public Utilities Commission (APUC), ATU filed their cost study using switch minutes of use (SMOU). Only after this approach was challenged did ATU change their study to reflect DEM as properly defined. Once again ATU has decided to forgo the Commission's rules requiring DEM factors and used SMOU, as they admit in the Section 4 of the Description and Justification, paragraph I, D.

ATU's Projection of Demand Is Grossly Inaccurate

In determining its demand, ATU claims that it will lose access minutes due to competition. This argument is flawed.

⁶Access Charge Reform, 11 FCC Rod 21354, 21478-21480 (1996).

In Section 5 of the Description and Justification, ATU explains that GCI and AT&T have taken up to 30,000 access lines as of May 1998. However, ATU fails to mention that all of AT&T's 10,000 lines are obtained from ATU on a total service resale basis which means that ATU retains all access minutes and revenue associated with those lines. At least a third of ATU's access lines that ATU has lost to a competitor should have no impact on access demand for purposes of calculating the rates. Additionally, of the 20,000 access lines lost to GCI, approximately 10% are obtained from ATU on a total service resale basis, again not impacting access minutes for ATU.

Of the approximately 19,000 access lines that GCI has provisioned using ATU leased loops or provided over its own plant facilities, where access would be expected to be lost, ATU has maintained roughly half of the access minutes. This is due to the methodology used to port numbers to GCI. Until permanent number portability becomes a reality, ATU is using what is referred to as DID number portability where incoming toll traffic is routed by all toll carriers (including GCI) to ATU switches. If the call is bound for a GCI customer, the number is ported to GCI's local network. ATU records this traffic as interstate interexchange traffic for CABS billings. ATU is paid by the interexchange carrier for access. Furthermore, ATU is supposed to share the access revenue with GCI. To date ATU has refused to share interstate access revenue with GCI, even though they have been billed by GCI. The revenue sharing is explicitly spelled by the Commission in the Access Charge Reform proceeding and in the ATU-GCI interconnection agreement.

ATU will lose some access minutes through competition. However, until permanent number portability is implemented, the loss from terminating access will be very small. However, the loops that are provisioned on the GCI local network will originate access minutes that will be trunked directly to interconnecting IXCs, not through AUT. ATU will lose originating access minutes associated with these loops transferred to GCI. This will amount to approximately 50% of the toll traffic associated with those access lines assuming the Terminating to Originating ratio is 1 in the Anchorage area.

In reality, ATU has not experienced the loss in access minutes they claim. Any projection of less demand needs complete and accurate justification, not just a simple assertion that access will decrease proportionately based on loss of market share as ATU has claimed. ATU's reduction of demand by 30% is unfounded and unsubstantiated. ATU estimates of demand are grossly understated.

Allocation of Costs to ATU's Long Distance Affiliate

GCI is unable to determine if ATU has appropriately allocated the proper costs to its long distance affiliate. The Commission should investigate this issue to ensure that regulated ratepayers are not paying for the costs of ATU's long distance affiliate.

The APUC Has Not Reviewed The Study

In Section 4, of the Description and Justification, paragraph I, ATU claims that "The model has been reviewed by the APUC for both local and intrastate rate proceedings, incorporates the NECA's treatment of Part 36 rules, and is consistent with the model ATU filed with the FCC for the past six annual interstate access Tariff

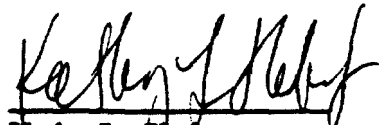
filings." This statement is blatantly false. The APUC has never reviewed or approved an ATU cost study with SMOU used as a traffic factor, nor with internet minutes classified as interstate nor with access demand adjusted for services provided as total service resale. To the degree that there is any truth to the claim that ATU's cost study filed in this proceeding is consistent with the model ATU filed with the FCC for the past six annual interstate access tariff filings, GCI will seek legal claims against ATU for fraudulent rates and over recovery.

Conclusion

As outlined above, the Commission should reject the tariff transmittal. Alternatively, the Commission should suspend the tariff and set it for investigation.

Respectfully submitted,

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June 29, 1998

CERTIFICATE OF SERVICE

I, Kathy L. Shobert, hereby certify that true and correct copies of the proceeding comments were served by first class mail, postage prepaid to the parties listed below.


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